(Unaudited translation of 'Kessan Tanshin', provided for reference only)

April 28, 2017

Mitsui O.S.K. Lines, Ltd.

Financial Highlights: Fiscal Year 2016 Ended March 31, 2017

MOL

1. Consolidated Financial Highlights（from April 1, 2016 to March 31, 2017）

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

(1) Operating Results

	FY2016 (￥Million)	FY2015 (￥Million)	FY2016 (US$ Thousand)
Revenues	1,504,373	1,712,222	13,409,154
Operating profit	2,558	2,323	22,801
Ordinary profit	25,426	36,267	226,633
Profit (loss) attributable to owners of parent	5,257	(170,447)	46,858
	(￥)		(US$)
Net income (loss) per share	4.40	(142.50)	0.039
Diluted net income per share	4.06	－	0.036
Return to shareholders' equity	0.9%	(25.8%)	
Rate of ordinary income on assets	1.1%	1.5%	
Operating profit ratio	0.2%	0.1%	

(2) Financial Position

	FY2016 (￥Million)	FY2015 (￥Million)	FY2016 (US$ Thousand)
Total assets	2,217,528	2,219,587	19,765,826
Total net assets	683,621	646,924	6,093,422
Shareholders' equity / Total assets	25.8%	24.4%	
	(￥)		(US$)
Shareholders' equity per share	478.23	452.28	4.263

* Shareholders' equity is defined as follows:
Shareholders' equity = Total net assets - (Share subscription rights + Non-controlling interests)

2. Dividends

	Dividend per share (￥)					(￥Million)		
	Q1	Q2	Q3	Year end	Total	Total dividends paid	Dividend pay-out ratio	Dividend ratio to shareholders' equity
FY2015	—	3.50	—	1.50	5.00	5,980	－	0.9%
FY2016	—	2.00	—	0.00	2.00	2,392	45.5%	0.4%
FY2017 (Forecast)	—	1.00	—	1.00	2.00		23.9%	

3. Forecast for the Fiscal Year Ending March 31, 2018

	1H/FY2017 (￥Million)	FY2017 (￥Million)	FY2017 (US$ Thousand)
Revenues	805,000	1,610,000	14,636,364
Operating profit	4,000	9,000	81,818
Ordinary profit	11,000	22,000	200,000
Profit attributable to owners of parent	7,000	10,000	90,909
	(￥) 1H/FY2017	FY2017	(US$) FY2017
Net income per share	5.85	8.36	76

* Underlying Assumption for FY2017 Forecast.
The above forecast is made assuming the exchange rate and the bunker price for FY2017 will be as follows.

Exchange Rate 1US$=￥110.00　　　　Bunker Price US$ 350/MT

(Translation of foreign currencies)
The Japanese yen amounts for FY2016 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2017, which was ￥112.19 to U.S. $1.00, solely for the convenience of readers.
(The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.)

April 28, 2017

(Reference)

1. Non-Consolidated Financial Highlights **(from April 1, 2016 to March 31, 2017)**

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

(1) Operational Results

	(￥Million) FY2016	(￥Million) FY2015	(US$ Thousand) FY2016
Revenues	1,052,200	1,200,518	9,378,733
Operating loss	(27,450)	(14,255)	(244,674)
Ordinary profit	13,119	5,691	116,936
Net loss	(9,950)	(193,748)	(88,689)
		(￥)	(US$)
Net loss per share	(8.32)	(161.98)	(0.074)
Diluted net income per share	―	―	―

(2) Financial Position

	(￥Million) FY2016	(￥Million) FY2015	(US$ Thousand) FY2016
Total assets	1,055,752	959,570	9,410,393
Total net assets	236,370	244,572	2,106,872
Shareholders' equity / Total assets	22.2%	25.2%	

	(￥) FY2016	(￥) FY2015	(US$) FY2016
Shareholders' equity per share	197.62	202.23	1.761

(Translation of foreign currencies)

The Japanese yen amounts for FY2016 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2017, which was ￥112.19 to U.S. $1.00, solely for the convenience of readers. (The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.)

4. Business Performance

(1) Business climate during FY2016

[Consolidated financial highlights] (Billions of Yen)

	FY2015 From Apr. 1, 2015 to Mar. 31, 2016	FY2016 From Apr. 1, 2016 to Mar. 31, 2017	Year-on-year comparison (variance)
Revenue	1,712.2	1,504.3	(207.8) / (12.1) %
Operating profit (loss)	2.3	2.5	0.2 / 10.1 %
Ordinary profit (loss)	36.2	25.4	(10.8) / (29.9) %
Profit/(loss) attributable to owners of parent	(170.4)	5.2	175.7 / – %
Exchange rate	¥120.62/US$	¥108.57/US$	¥(12.05)/US$
Bunker price	US$265/MT	US$284/MT	US$19/MT

In the global economy during the fiscal year under review, overall, there has been increased vibrancy over the second half of 2016, notably in the U.S. and China. The U.S. economy maintained a trend of expansion, driven by strong personal consumption, which continues to trend on the side of improvement amid firm conditions in employment and income environments. The European economy, underpinned by steadily firm personal consumption continued to show moderate but stable growth. In the Chinese economy, it had been appearing that the trend of slowdown was on pause amid steadily firm personal consumption, but entering 2017, investments in fixed assets began to accelerate, and this and other factors have provided support for it to turn toward recovery since the latter half of the fiscal year. In Japan, economic recovery continued to be stalled but signs have appeared of an upswing in the personal consumption, which has recently been staying at weak levels.

Looking at the maritime shipping market conditions, the dry bulker experienced intensive chartering activities by major shippers in Western Australia and an increase in the volume of coal imports in China, allowing to avoid a record low hit in the fourth quarter of the previous fiscal year. Afterward, although the dry bulker market continued to experience suppression of market rises, from the beginning of autumn, firm iron ore shipments from major ports in Brazil and increased North American grain shipments pushed the market to once again rise and exhibit an overall trend of recovery. With respect to the very large crude oil carrier (VLCC) market, against the background of an excess supply of vessels, the market fluctuated significantly during the fiscal year due to the factors such as fluctuations in seasonal demand and the political situation in oil producing countries in West Africa, and it was firm throughout the fiscal year on average despite being lower than the strong levels of the previous fiscal year. In the containership freight market, although some improvements in the supply and demand environment on Asia-North America, Asia-Europe and Asia-South America routes facilitated a recovery in the spot freight rates, the business environment continued to be difficult overall due mainly to significant falls in the one-year contract freight rates at the beginning of the fiscal year, notably on the Asia-North America routes due to the impact of weak market conditions in the previous fiscal year.

The average exchange rate of Japanese yen against the U.S. dollar during the fiscal year appreciated by ¥ 12.05 year on year to ¥ 108.57. The average bunker price during the fiscal year rose by US$19/MT year on year to US$284/MT.

As a result of the above, we recorded revenue of ¥1,504.3 billion, operating profit of ¥2.5 billion, ordinary profit of ¥25.4 billion and profit attributable to owners of parent of ¥5.2 billion.

The following is a summary of business conditions including revenue and ordinary profit/loss per business segment.

Upper: Revenue, Lower: Segment Profit (Loss) (Ordinary Profit (Loss)) (Billions of Yen)

	FY2015 From Apr. 1, 2015 to Mar. 31, 2016	FY2016 From Apr. 1, 2016 to Mar. 31, 2017	Year-on-year comparison (variance)
Bulkships	845.6	744.4	(101.1)/ (12.0)%
	54.8	39.0	(15.8)/ (28.9)%
Containerships	721.1	622.5	(98.6)/ (13.7)%
	(29.8)	(32.8)	(3.0)/ – %
Ferries and Coastal RoRo Ships	43.3	42.1	(1.1)/ (2.8)%
	4.3	4.5	(0.1)/ 2.8%
Associated Businesses	126.9	117.5	(9.4)/ (7.4)%
	10.1	12.3	2.1 / 21.3%
Others	13.3	13.2	(0.0)/ (0.6)%
	3.5	1.8	(1.7)/ (49.0)%

Note: Revenue includes internal sales or transfers among segments.

(A) Bulkships

<Dry Bulkers>

In the Capesize bulker market at the beginning of the fiscal year, thanks to intensive vessel chartering by major shippers in Western Australia, the market was able to escape the record low levels that it reached in the fourth quarter of the previous fiscal year. Despite a subsequent scenario of suppression of market price rises, the market resumed its rise, supported by a shift to favorable market sentiment associated with firm iron ore shipments from major ports in Brazil and rising resource prices from the beginning of autumn onward. After passing through a temporary lull during the New Year holidays, another increase in iron ore shipments and an improvement in FFAs (forward freight agreements) caused the market to rise steeply at the end of February, and near the end of the fiscal year, it rose temporarily above US$20,000 per day for the first time in about 20 months. Consequently, on average for the fiscal year, the market was at the level of US$9,000 per day, which is higher compared with the previous fiscal year. In the markets for Panamax on down, mid- and small-sized vessels at the beginning of the fiscal year, an increase in coal imports in China and other such factors enabled the market to escape a market lull, and from the beginning of Autumn onward, the market rose, driven by an increase of grain shipments from North America. After falling temporarily during the New Year holidays, grain shipments from South America drove the market upward.

Although operating amid conditions of market recovery, the dry bulker division focused on Business Structural Reforms that essentially aim to reduce the fleet of Capesize bulkers under spot operation and fundamentally redesign our business model for the mid- and small-sized vessels. As a result, the division made a significant year-on-year improvement to its ordinary profit/loss, returning back in the black for the fiscal year.

<Tankers/LNG Carriers/Offshore business>

In the very large crude oil carrier (VLCC) market, the supply of new vessels was larger than the previous fiscal year. The market was impacted by a decline in shipments over the summer and a suspension of crude oil shipments from Nigeria due to domestic conflict, causing it to follow a downward trend until about the end of September. From the beginning of autumn, the market rose supported by the resumption of crude oil shipments from Nigeria and increased demand in winter. However, at the beginning of spring, the market has been softening. The average market for the fiscal year was firm, despite being lower than the strong levels of the previous fiscal year. The product tanker market on average throughout the period was weaker than the previous fiscal year in part due to sluggish arbitrage-trading between East and West amid a scenario of weakening trade volumes for vegetable oils, etc., and ongoing deliveries of new vessels, as well as burdensome developments that included diminishing refinery margins brought about by a surplus of petroleum product inventories worldwide. The LPG carrier market also was at a lower level compared with the previous fiscal year on account of factors such as pressures of extra supply arising from new vessel deliveries, and also due to limited arbitrage-trading between East and West brought about by diminishing LPG price variations between regions, as well as a decrease in long-distance trade due to the opening of the new Panama Canal.

Under this business environment, the tanker division concentrated on efforts that were continued from the previous fiscal year to reduce the market exposure and ensure the stable fulfillment of long-term contracts while at the same time working to acquire new contracts such as oil tankers for overseas customers. In addition, although experiencing a significant profit decrease in the previous fiscal year, the tanker division posted a profit for the fiscal year as a result of ceaseless efforts to improve operating efficiency through pool operations and reduce costs.

The LNG carrier division achieved an increase in ordinary profit year on year while continuing to secure stable profits from long-term contracts, in addition to launching newly built vessels, including the world’s first very large ethane carriers. The offshore business also achieved an increase in ordinary profit year on year owing to the smooth operation of FPSO, including the launch of one new unit.

<Car Carriers>

Although the transportation of completed cars to the U.S. and Europe was firm, transportation to resource-producing countries and emerging countries weakened owing to those countries continuing to experience economic slowdown amid low resource prices, etc. Amid this environment, the car carrier division experienced a significant ordinary profit decrease year on year despite taking steps to improve operating efficiency in response to changes in the trade pattern.

(B) Containerships

The spot freight market on Asia-North America routes fell to record low price levels in the first quarter, but from the second quarter onward largely maintained an upward trend amid a scenario where cargo volumes from Asia were at a record-high pace. The spot freight market on Asia-Europe routes followed an upward trend throughout the year, underpinned by firm cargo volumes from Asia, reflective of how it rose again upon entering the winter months due to the strong demand after passing through a brief adjustment phase after climbing until summer. On Asia-South America routes, the spot freight rates have risen remarkably since the first quarter, staying at a high level overall throughout the fiscal year. On Intra-Asia routes, the spot freight market slumped amid weak cargo volumes. Meanwhile, the considerable decline in one-year contract freight rates at the beginning of the fiscal year, notably on the Asia-North America routes, due to the impact of stagnation in the spot freight rate in the previous fiscal year weighed on the Containership segment throughout the period.

Under this business environment, we made efforts to reduce vessel costs through Business Structural Reforms and improve capacity utilization rates through stronger sales capabilities as well as to cut operation costs by continuously reducing the expenses of positioning empty containers through improved yield management. As a result, from the third quarter onward the division's ordinary loss improved year on year, but ordinary loss for the full year slightly increased year on year.

(C) Ferries and Coastal RoRo Ships

In the ferries and coastal RoRo ships segment, the cargo volume was firm as a result of further accelerated modal shift in long-distance truck transport switching to ferry transportation, which further reflects changes in the trucking labor situation such as shortage and aging of the workforce, and stronger labor controls. Although the Kumamoto Earthquake impacted negatively on some passenger routes, a fall in the bunker price and other factors made it possible for the segment to secure ordinary profit at almost the same level year on year.

(D) Associated Businesses

The cruise ship business achieved a year-on-year increase in ordinary profit as a result of the Nippon Maru enjoying strong passenger numbers. In the real estate business, ordinary profit increased year on year owing mainly to Daibiru Corporation, the core company in the MOL Group's real estate business, increasing its sales on the back of the firm office leasing market, centered on the Tokyo metropolitan area. Other associated businesses, such as the tugboat and trading businesses, also showed firm performances overall. Consequently, ordinary profit of the associated businesses segment increased on a year-on-year basis.

(E) Others

Other businesses, which are mainly cost centers, include ship operations, ship management, ship chartering, financing, and shipbuilding. Ordinary profit in this segment decreased year on year.

(2) Outlook for FY2017

[For FY2017] (Billions of Yen)

	FY2016 From Apr. 1, 2016 to Mar. 31, 2017	Outlook for FY2017 From Apr. 1, 2017 to Mar. 31, 2018	Year-on-year comparison (variance)
Revenue	1,504.3	1,610.0	105.6 / 7.0%
Operating profit (loss)	2.5	9.0	6.4 / 251.8%
Ordinary profit (loss)	25.4	22.0	(3.4) / (13.5)%
Profit (loss) attributable to owners of parent	5.2	10.0	4.7 / 90.2%

Exchange rate	¥108.57/US$	¥110.00/US$	1.43¥/US$
Bunker price	US$284/MT	US$350/MT	US$66/MT
		(Assumption for FY2017)	

We anticipate that the world economy will firmly recover in the next fiscal year while its momentum has continued since the second half of the last year. However, we also recognize the need to closely observe risks such as the U.S. and other countries’ moves to accelerate monetary policy faster than anticipated, rise in geopolitical tensions and global risk aversion, and protectionism in developed countries. In the developed countries, vibrancy has been continuing since the latter half of 2016, and the U.S., which is expected to expand fiscal measures, is driving a strong economic recovery that we assume will continue. In the economies of emerging countries, we are currently seeing firm growth continuing in some countries and territories, most notably in India. Amid this environment, we are seeing support for recovery among China, which has been following a moderate pace of economic slowdown and also among the resource exporting countries, most notably Russia, leading us to assume that this trend of economic expansion will be maintained.

The level of the dry bulker market is expected to remain higher than the current fiscal year due to a certain level of the fleet demand on the back of an increase in cargo volumes of iron ore due to firm demand from China, a major Brazilian resource company’s plan to increase production, and an increase in grain shipments from South America, and other factors, while showing a damping effect on growth in fleet supply.

With respect to the very large crude oil carrier (VLCC) market, despite expectations of an increase in long-distance trade from West Africa bound for Asia to supplement slowing crude oil cargo volumes from the Middle East stemming from OPEC production reductions, because the high level of vessel supply seen in 2016 will continue, we are assuming the market will follow a weakening trend. In the product tanker market, because we anticipate the ongoing weakening of the balance between vessel supply and demand due to deliveries of new vessels, we are assuming that the present lack of optimism will continue, although we do expect an increase of demand for petroleum products accompanying economic growth in emerging countries such as India and China, etc., which will make a positive contribution to cargo volumes.

With respect to containerships, we expect the Asia-North America cargo volumes to continue to be firm on the back of the strong U.S. economy. On Asia-Europe routes, we also expect cargo volumes from Asia to be firm as well based on current demand levels. On Asia-South America routes, we are expecting solid trade volumes as a continuation from FY2016 in which the supply and demand environment was significantly

improved through various rationalization measures. Under such a business environment, we will work on improving our ordinary profit/loss through such efforts as further streamlining our transportation routes under the new alliance system that launched in April, and cutting operation costs through rigorous yield management practices.
As for bunker prices, we are expecting the price to remain above FY2016 due to the crude oil price remaining at the higher end due to OPEC production reductions.
In consideration of these prospects, for the full year, we project revenue of ¥1,610.0 billion, operating profit of ¥9.0 billion, ordinary profit of ¥22.0 billion and profit attributable to owners of parent of ¥10.0 billion.

5. Financial Position

Total assets as of March 31, 2017 decreased by 2.0 billion yen compared to the balance as of the end of the previous fiscal year, to 2,217.5 billion yen. This was primarily due to the decrease in Vessels.

Total liabilities as of March 31, 2017 decreased by 38.7 billion yen compared to the balance as of the end of the previous fiscal year, to 1,533.9 billion yen. This was primarily due to the decrease in Short-term bonds.

Total net assets as of March 31, 2017 increased by 36.6 billion yen compared to the balance as of the end of the previous fiscal year, to 683.6 billion yen. This was primarily due to the increase in Deferred gains or losses on hedges.

As a result, shareholders' equity ratio increased by 1.4% compared to the ratio as of the end of the previous fiscal year, to 25.8%.

6. Cash Flow

Cash and cash equivalents (hereinafter called "cash") as of the end of FY2016 was 186.8 billion yen, an increase of 27.3 billion yen compared to the balance as of the end of the previous fiscal year. Cash flows on each activity are as follows.

(1) Cash flows from operating activities
Net cash provided by operating activities during FY2016 was 17.6 billion yen, a decrease of 191.5 billion yen compared to the previous fiscal year.
This was mainly due to Depreciation and amortization (87.1 billion yen). This was partially offset by decrease in Various provisions (20.0 billion yen), Gain on sales of shares of subsidiaries and associates (19.9 billion yen), and Payment for income taxes (8.5 billion yen).

(2) Cash flows from investing activities

Net cash used in investing activities during FY2016 was 73.9 billion yen, an increase of 47.2 billion yen compared to the previous fiscal year.

This was mainly due to Proceeds from sale of vessels and other tangible and intangible fixed assets (71.3 billion yen), and Proceed from sale and redemption of investment securities (27.7 billion yen). This was partially offset by Purchases of vessels and other tangible and intangible fixed assets (143.1 billion yen), and Disbursements for long-term loans receivables (21.3 billion yen).

(3) Cash flows from financing activities

Net cash provided by financing activities during FY2016 was 87.1 billion yen, while net cash used in FY2015 was 148.7 billion yen.

This was mainly due to Proceeds from long-term bank loans (239.0 billion yen) and Proceeds from issuance of bonds (10.0 billion yen). This was partially offset by Repayments of long-term bank loans (119.2 billion yen), and Redemption of bonds (45.0 billion yen).

7. Basic policy on profit sharing and dividends

Our key management policies are to enhance corporate value with proactive capital investment and to directly return profits to shareholders through dividend. Utilizing our internal capital reserves, we work to reinforce corporate strength and strive to further raise our per-share corporate value. In the coming terms, with a 20% dividend payout ratio as a guideline, we will pay dividends linked with business performance, and we will address the need to increase the ratio as a medium- and long-term management issue.

As for FY2016, while we’ve already paid the interim dividend of ¥2.0 per share, we regrettably intend to suspend year-end dividend, reflecting our operating results and financial position. Accordingly our annual dividends are to be decreased by ¥3.0 per share to ¥2.0 per share for FY2016.

Looking ahead to the dividend for FY2017, we are planning to pay a dividend of ¥2 per share (including an interim dividend of ¥1 per share) on the assumption that we secure the income described in our outlook for FY2017.

8. Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

(1) Consolidated Balance Sheets

（¥Million）

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	146,260	177,145
Trade receivables	130,293	130,420
Marketable securities	20,000	12,800
Inventories	27,860	36,358
Deferred and prepaid expenses	66,101	60,888
Deferred tax assets	1,449	1,273
Other current assets	65,486	63,020
Allowance for doubtful accounts	(975)	(428)
Total current assets	456,475	481,477
Fixed assets		
Tangible fixed assets		
Vessels	822,269	756,930
Buildings and structures	159,483	153,767
Equipment and others	22,827	26,630
Furniture and fixtures	4,481	5,366
Land	221,614	221,342
Construction in progress	143,342	156,935
Other tangible fixed assets	2,412	2,693
Total tangible fixed assets	1,376,431	1,323,665
Intangible fixed assets	33,483	31,287
Investments and other assets		
Investment securities	215,055	231,978
Long-term loans receivable	49,014	62,796
Long-term prepaid expenses	3,565	6,824
Net defined benefit asset	13,291	15,390
Deferred tax assets	4,422	3,535
Other investments and other assets	69,909	62,661
Allowance for doubtful accounts	(2,061)	(2,089)
Total investments and other assets	353,197	381,097
Total fixed assets	1,763,112	1,736,051
Total assets	2,219,587	2,217,528

（¥Million）

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Trade payables	127,171	125,118
Short-term bonds	45,000	20,000
Short-term bank loans	107,976	133,155
Accrued income taxes	4,871	6,642
Advances received	29,326	32,258
Deferred tax liabilities	711	1,188
Allowance for bonuses	4,484	4,402
Allowance for directors' bonuses	130	153
Other current liabilities	144,120	60,537
Total current liabilities	463,794	383,456
Fixed liabilities		
Bonds	220,840	210,595
Long-term bank loans	648,116	738,163
Lease obligations	20,947	18,371
Deferred tax liabilities	81,553	56,678
Directors' and corporate auditors' retirement benefits	1,659	1,459
Reserve for periodic drydocking	14,854	18,566
Net defined benefit liabilities	13,442	12,445
Other fixed liabilities	107,454	94,171
Total fixed liabilities	1,108,868	1,150,450
Total liabilities	1,572,662	1,533,907
Net assets		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	45,388	45,382
Retained earnings	354,179	355,263
Treasury stock	(6,847)	(6,820)
Total owners' equity	458,121	459,226
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	20,950	28,353
Unrealized gains on hedging derivatives, net of tax	35,033	54,326
Foreign currency translation adjustments	26,885	27,178
Remeasurements of defined benefit plans, net of tax	(39)	2,898
Total accumulated other comprehensive income	82,830	112,757
Share subscription rights	2,681	2,447
Non-controlling interests	103,292	109,190
Total net assets	646,924	683,621
Total liabilities and net assets	2,219,587	2,217,528

(2) Consolidated Statements of Income

(￥Million)

	FY2015 (Apr.1, 2015 - Mar.31, 2016)	FY2016 (Apr.1, 2016 - Mar.31, 2017)
Shipping and other revenues	1,712,222	1,504,373
Shipping and other expenses	1,594,568	1,388,264
Gross operating income	117,653	116,109
Selling, general and administrative expenses	115,330	113,551
Operating profit	2,323	2,558
Non-operating income		
Interest income	4,078	5,918
Dividend income	6,131	6,021
Equity in earnings of affiliated companies	9,178	5,543
Foreign exchange gains	23,907	24,179
Others	7,451	3,875
Total non-operating income	50,747	45,538
Non-operating expenses		
Interest expense	14,576	19,037
Others	2,227	3,633
Total non-operating expenses	16,803	22,670
Ordinary profit	36,267	25,426
Extraordinary income		
Gain on sale of fixed assets	9,430	6,125
Gain on sales of shares of subsidiaries and associates	816	20,007
Others	19,764	9,073
Total extraordinary income	30,011	35,206
Extraordinary losses		
Loss on sale of fixed assets	628	1,259
Impairment loss	—	22,273
Others	220,036	13,795
Total extraordinary losses	220,665	37,328
Income (loss) before income taxes and non-controlling interests	(154,385)	23,303
Income taxes - current	11,133	13,323
Income taxes - deferred	260	(625)
Total income taxes	11,394	12,698
Net income (loss)	(165,779)	10,605
Profit attributable to non-controlling interests	4,668	5,348
Profit (loss) attributable to owners of parent	(170,447)	5,257

(3) Consolidated Statements of Comprehensive Income

(￥Million)

	FY2015 (Apr.1, 2015 - Mar.31, 2016)	FY2016 (Apr.1, 2016 - Mar.31, 2017)
Net income (loss)	(165,779)	10,605
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	(24,186)	8,768
Unrealized gains on hedging derivatives, net of tax	(31,368)	13,070
Foreign currency translation adjustments	(1,519)	2,463
Remeasurements of defined benefit plans, net of tax	(5,369)	2,944
Share of other comprehensive income (loss) of associates accounted for using equity method	(3,474)	4,100
Total other comprehensive income	(65,918)	31,347
Comprehensive income	(231,698)	41,952
(Breakdown)		
Comprehensive income attributable to owners of parent	(233,643)	35,183
Comprehensive income attributable to non-controlling interests	1,945	6,769

(4) Consolidated Statement of Changes in Net assets

FY2016 (April 1, 2016 – March 31, 2017)

(￥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total owners' equity
Balance at Mar 31, 2016	65,400	45,388	354,179	(6,847)	458,121
Issuance of new shares - exercise of subscription rights to shares				4	4
Dividends of surplus			(4,186)		(4,186)
Profit attributable to owners of parent			5,257		5,257
Change of scope of consolidation			36		36
Purchase of treasury shares				(23)	(23)
Disposal of treasury shares			(23)	45	22
Purchase of shares of consolidated subsidiaries		(6)			(6)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	(6)	1,083	27	1,104
Balance at Mar 31, 2017	65,400	45,382	355,263	(6,820)	459,226

	Accumulated other comprehensive income					Share subscription rights	Non-controlling interests	Total net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at Mar 31, 2016	20,950	35,033	26,885	(39)	82,830	2,681	103,292	646,924
Issuance of new shares - exercise of subscription rights to shares						(4)		—
Dividends of surplus								(4,186)
Profit attributable to owners of parent								5,257
Change of scope of consolidation								36
Purchase of treasury shares								(23)
Disposal of treasury shares								22
Purchase of shares of consolidated subsidiaries								(6)
Net changes of items other than shareholders' equity	7,403	19,292	292	2,938	29,926	(228)	5,898	35,596
Total changes of items during period	7,403	19,292	292	2,938	29,926	(233)	5,898	36,696
Balance at Mar 31, 2017	28,353	54,326	27,178	2,898	112,757	2,447	109,190	683,621

(5) Consolidated Statements of Cash flows

（￥Million）

	FY2015 (Apr.1, 2015 - Mar.31, 2016)	FY2016 (Apr.1, 2016 - Mar.31, 2017)
Cash flows from operating activities		
Income (loss) before income taxes and non-controlling interests	(154,385)	23,303
Depreciation and amortization	92,771	87,190
Impairment loss	―	22,273
Equity in losses (earnings) of affiliated companies	(9,178)	(5,543)
Various provisions (reversals)	(1,096)	(20,053)
Increase (Decrease) in net defined benefit assets	(454)	1,996
Increase (Decrease) in net defined benefit liabilities	(233)	(755)
Interest and dividend income	(10,210)	(11,939)
Interest expense	14,576	19,037
Loss (Gain) on sale and retirement of vessels, property and equipment	(8,643)	(4,516)
Loss (gain) on sales of shares of subsidiaries and associates	(816)	(19,946)
Foreign exchange loss (gain), net	(25,083)	(25,818)
Decrease (Increase) in trade receivables	47,462	(1,683)
Decrease (Increase) in inventories	21,184	(8,691)
Increase (Decrease) in trade payables	(38,943)	(573)
Others, net	298,046	(24,677)
Sub total	224,997	29,602
Interest and dividend income received	14,099	15,351
Interest expenses paid	(14,306)	(18,778)
Income taxes paid	(15,600)	(8,551)
Net cash provided by (used in) operating activities	209,189	17,623
Cash flows from investing activities		
Purchase of investment securities	(7,919)	(14,533)
Proceeds from sale and redemption of investment securities	16,371	27,738
Purchase of vessels and other tangible and intangible fixed assets	(123,839)	(143,177)
Proceeds from sale of vessels and other tangible and intangible fixed assets	69,202	71,350
Net decrease (increase) in short-term loans receivables	(5,458)	(6,652)
Disbursements for long-term loans receivables	(32,983)	(21,374)
Collection of long-term loans receivables	49,311	9,832
Others, net	8,635	2,876
Net cash provided by (used in) investing activities	(26,681)	(73,941)

(￥Million)

	FY2015 (Apr.1, 2015 - Mar.31, 2016)	FY2016 (Apr.1, 2016 - Mar.31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(40,010)	9,907
Net increase (decrease) in commercial paper	(5,500)	－
Proceeds from long-term bank loans	80,884	239,075
Repayments of long-term bank loans	(152,552)	(119,252)
Proceeds from issuance of bonds	－	10,000
Redemption of bonds	(15,600)	(45,000)
Cash dividends paid by the company	(8,927)	(4,258)
Cash dividends paid to non-controlling interests	(1,115)	(1,018)
Others, net	(5,914)	(2,323)
Net cash provided by (used in) financing activities	(148,735)	87,129
Effect of foreign exchange rate changes on cash and cash equivalents	(3,125)	(3,454)
Net increase (decrease) in cash and cash equivalents	30,647	27,357
Cash and cash equivalents at beginning of year	128,801	159,449
Net cash increase from new consolidation/de-consolidation of subsidiaries	－	37
Cash and cash equivalents at end of period	159,449	186,844

April 28, 2017

Notice of Agreement to the Integration of Container Shipping Businesses

Mitsui O.S.K. Lines Ltd., Kawasaki Kisen Kaisha, Ltd., and Nippon Yusen Kabushiki Kaisha have agreed, after the resolution by the board of directors held on October 31, 2016, and subject to regulatory approval from the authorities, to establish a new joint-venture company to integrate the container shipping businesses (including worldwide terminal operating businesses excluding Japan) of all three companies and to sign a business integration contract and a shareholders agreement.

(1) Background

Although growing modestly, the container shipping industry has struggled in recent years due to a decline in the container growth rate and the rapid influx of newly built vessels. These two factors have contributed to an imbalance of supply and demand which has destabilized the industry and has created an environment that is adverse to container line profitability. In order to combat these factors, industry participants have sought to gain scale merit through mergers and acquisitions and consequently the structure of the industry is changing through consolidation. Under these circumstances, the Company has decided to integrate the respective container shipping to ensure future stable, efficient and competitive business operations.

(2) Overview of the new joint-venture company

Item	Outline
Shareholders/ Contribution Ratio	Mitsui O.S.K. Lines, Ltd. 31% Kawasaki Kisen Kaisha, Ltd. 31% Nippon Yusen Kabushiki Kaisha 38%
Amount of Contribution	Approx. 300 Billion JPY (Including fleets, share of terminals as investment in kind)
Business Domain	Container Shipping Business (Including terminal operating business excluding Japan)
Fleet Size	Approx. 1.4 Million TEU*, 6th in the market with approx. 7% of global share Note: Figures are as of October, 2016 excluding order book

*TEU: Twenty-foot Equivalent Unit

(3) Schedule

Agreement date: October 31st, 2016

Establishment of the new joint-venture company: July 1st, 2017 (planned)

Business commencement: April 1st, 2018 (planned)

(6) Segment Information

Business segment information:

(¥Million)

FY2015(Apr.1, 2015 - Mar.31, 2016)	Reportable Segment					Others *1	Total	Adjust-ment *2	Consoli-dated
	Bulk-ships	Container - ships	Ferries & Coastal RoRo Ships	Associated Businesses	Sub Total				
Revenues									
1.Revenues from external customers	845,356	719,108	43,154	96,606	1,704,226	7,996	1,712,222	–	1,712,222
2.Inter-segment revenues	250	2,025	188	30,372	32,837	5,312	38,150	(38,150)	–
Total revenues	845,607	721,134	43,342	126,978	1,737,064	13,308	1,750,372	(38,150)	1,712,222
Segment income (loss)	54,899	(29,831)	4,382	10,171	39,621	3,549	43,171	(6,903)	36,267
Segment assets	1,531,278	397,080	39,401	416,454	2,384,215	162,724	2,546,939	(327,352)	2,219,587
Others									
Depreciation and amortization	62,228	16,907	1,906	10,090	91,132	272	91,405	1,366	92,771
Amortization of goodwill	11	63	–	132	207	0	207	–	207
Interest income	2,761	664	20	73	3,521	1,785	5,306	(1,227)	4,078
Interest expenses	12,934	2,021	143	1,737	16,836	1,034	17,871	(3,294)	14,576
Equity in earnings (losses) of affiliates	7,812	706	452	255	9,226	(48)	9,178	–	9,178
Costs of business structural reforms	117,411	61,879	–	–	179,290	–	179,290	–	179,290
Investment in affiliates	91,286	14,131	2,093	2,083	109,594	1,896	111,490	–	111,490
Increase of tangible / intangible fixed assets	88,253	15,525	4,727	5,177	113,684	123	113,808	1,903	115,712

* 1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business, the financing business and the shipbuilding business.
* 2.
  (1) Adjustment in Segment income (loss) of -6,903 million yen include the following:
  -12,610 million yen of corporate profit which is not allocated to segments, 6,949 million yen of adjustment for management accounting and -1,242 million yen of inter-segment transaction elimination.
  (2) Adjustment in Segment assets of -327,352 million yen include the following:
  18,087 million yen of assets which are not allocated to segments and -345,439 million yen of inter-segment transaction elimination.
  (3) Adjustment in Depreciation and amortization of 1,366 million yen include the following:
  1,375 million yen of depreciation of assets which are not allocated to segments and -9 million yen of inter-segment transaction eliminatio
  (4) Adjustment in Interest income of -1,227 million yen include the following:
  1,795 million yen of interest income which is not allocated to segments and -3,023 million yen of inter-segment transaction elimination.
  (5) Adjustment in Interest expenses of -3,294 million yen include the following:
  3,039 million yen of interest expenses which are not allocated to segments, -3,309 million yen of adjustment for management accounting and -3,025 million yen of inter-segment transaction elimination.
  (6) Adjustment in Increase of tangible / intangible fixed assets of 1,903 million yen is acquisition cost of tangible / intangible fixed assets which are not allocated to segments.
* 3. Management has decided not to allocate liabilities to segments. Therefore segment information regarding liabilities is not disclosed.
* 4. Segment income (loss) corresponds to Ordinary profit in the consolidated statements of income.

(￥Million)

FY2016(Apr.1, 2016 - Mar.31, 2017)	Reportable Segment					Others *1	Total	Adjust-ment *2	Consoli-dated
	Bulk-ships	Container - ships	Ferries & Coastal RoRo Ships	Associated Businesses	Sub Total				
Revenues 1.Revenues from external customers	744,287	620,714	42,036	90,025	1,497,062	7,310	1,504,373	－	1,504,373
2.Inter-segment revenues	167	1,816	107	27,518	29,610	5,916	35,527	(35,527)	－
Total revenues	744,455	622,531	42,143	117,543	1,526,673	13,227	1,539,901	(35,527)	1,504,373
Segment income (loss)	39,051	(32,864)	4,506	12,337	23,030	1,810	24,840	585	25,426
Segment assets	1,411,137	388,029	54,418	415,399	2,298,984	359,526	2,658,510	(440,981)	2,217,528
Others Depreciation and amortization	62,246	12,130	1,905	9,395	85,678	319	85,997	1,192	87,190
Amortization of goodwill	21	0	－	164	185	0	186	－	186
Interest income	4,171	895	14	43	5,124	2,118	7,242	(1,324)	5,918
Interest expenses	15,909	1,728	124	1,436	19,198	1,081	20,280	(1,243)	19,037
Equity in earnings (losses) of affiliates	5,791	(4)	360	226	6,373	(829)	5,543	－	5,543
Investment in affiliates	94,527	12,635	2,448	2,139	111,750	1,049	112,799	－	112,799
Increase of tangible / intangible fixed assets	87,182	28,307	20,229	4,937	140,657	180	140,838	955	141,793

* 1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business, the financing business and the shipbuilding business.
* 2.
  (1) Adjustment in Segment income (loss) of 585 million yen include the following:
  -4,578 million yen of corporate profit which is not allocated to segments, 6,312 million yen of adjustment for management accounting and -1,148 million yen of inter-segment transaction elimination.
  (2) Adjustment in Segment assets of -440,981 million yen include the following:
  14,715 million yen of assets which are not allocated to segments and -455,696 million yen of inter-segment transaction elimination.
  (3) Adjustment in Depreciation and amortization of 1,192 million yen include the following:
  1,192 million yen of depreciation of assets which are not allocated to segments.
  (4) Adjustment in Interest income of -1,324 million yen include the following:
  2,522 million yen of interest income which is not allocated to segments and -3,846 million yen of inter-segment transaction elimination.
  (5) Adjustment in Interest expenses of -1,243 million yen include the following:
  5,604 million yen of interest expenses which are not allocated to segments, -2,999 million yen of adjustment for management accounting and -3,848 million yen of inter-segment transaction elimination.
  (6) Adjustment in Increase of tangible / intangible fixed assets of 955 million yen is acquisition cost of tangible / intangible fixed assets which are not allocated to segments.
* 3. Management has decided not to allocate liabilities to segments. Therefore segment information regarding liabilities is not disclosed.
* 4. Segment income (loss) corresponds to Ordinary profit in the consolidated statements of income.

(¥Million)

FY2016 (Apr.1, 2016 - Mar.31, 2017)	Reportable Segment					Others	Adjust-ment	Consoli-dated
	Bulk-ships	Container-ships	Ferries & Coastal RoRo Ships	Associated Businesses	Sub Total			
Impairment loss	1,266	21,007	—	—	22,273	—	—	22,273

(¥Million)

As of March 31, 2017	Reportable Segment					Others	Adjust-ment	Consoli-dated
	Bulk-ships	Container-ships	Ferries & Coastal RoRo Ships	Associated Businesses	Sub Total			
Goodwill	66	0	—	2,073	2,140	—	—	2,140

* 5. Amortization of goodwill is disclosed in business segment information.

* 6. There were no material gains from negative goodwill.

Geographical segment information: (¥Million)

FY2016 (Apr.1, 2016 - Mar.31, 2017)	Japan	North America	Europe	Asia	Others	Total
Revenues	1,264,121	27,570	32,195	180,063	422	1,504,373
Tangible fixed assets	1,020,253	43,966	2,975	220,888	35,581	1,323,665

[Supplement]

1. Review of Quarterly Results

<FY 2016>

	Q1 Apr-Jun, 2016	Q2 Jul-Sep, 2016	Q3 Oct-Dec, 2016	Q4 Jan-Mar, 2017
Revenues [￥ Millions]	360,079	353,481	367,880	422,933
Operating profit (loss)	(3,573)	1,553	(58)	4,636
Ordinary profit	733	4,765	8,313	11,615
Income before income taxes	5,160	24,493	5,639	2,036
Profit (Loss) attributable to owners of parent	1,401	14,657	2,968	(13,769)
Net income (loss) (*) per share [￥]	1.17	12.26	2.48	(11.51)
Total Assets [￥ Millions]	2,183,555	2,103,167	2,191,309	2,217,528
Total Net Assets	619,006	603,685	629,444	683,621

(*) Profit (Loss) attributable to owners of parent

<FY 2015>

	Q1 Apr-Jun, 2015	Q2 Jul-Sep, 2015	Q3 Oct-Dec, 2015	Q4 Jan-Mar, 2016
Revenues [￥ Millions]	449,435	455,249	412,450	395,088
Operating profit (loss)	1,805	6,380	1,401	(7,263)
Ordinary profit (loss)	10,892	16,907	10,993	(2,525)
Income (Loss) before income taxes	16,439	(7,832)	18,958	(181,950)
Profit (Loss) attributable to owners of parent	12,783	(13,024)	13,535	(183,741)
Net income (loss) (*) per share [￥]	10.69	(10.89)	11.32	(153.62)
Total Assets [￥ Millions]	2,592,346	2,514,167	2,479,074	2,219,587
Total Net Assets	890,520	873,900	855,717	646,924

(*) Profit (Loss) attributable to owners of parent

2. Depreciation and Amortization

(¥ Millions)

	FY2015	FY2016	Increase / Decrease
Vessels	70,107	65,894	(4,213)
Others	22,664	21,296	(1,368)
Total	92,771	87,190	(5,581)

3. Interest-bearing Debt

(¥ Millions)

	As of Mar.31, 2016	As of Mar.31, 2017	Increase / Decrease
Bank loans	756,093	871,318	115,225
Bonds	265,840	230,595	(35,245)
Commercial paper	—	—	—
Others	23,046	20,487	(2,559)
Total	1,044,980	1,122,400	77,420

4. Fleet Capacity (MOL and consolidated subsidiaries)

	Dry bulkers(*)		Tankers		LNG carriers		Car carriers		Containerships	
	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT
Owned	67	5,686	71	10,244	29	2,217	54	885	13	1,034
Chartered	298	25,075	87	4,085	6	370	66	1,157	78	5,913
Others	1	1	1	47	2	143	-	-	-	-
As of Mar.31, 2017	**366**	**30,762**	**159**	**14,375**	**37**	**2,730**	**120**	**2,042**	**91**	**6,947**
As of Mar.31, 2016	403	32,719	165	15,021	29	2,181	120	2,017	95	6,599

	Ferries & Coastal RoRo Ships		Passenger ships		Others		Total	
	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT
Owned	11	59	1	5	-	-	246	20,130
Chartered	3	19	-	-	2	13	540	36,632
Others	-	-	-	-	-	-	4	191
As of Mar.31, 2017	**14**	**78**	**1**	**5**	**2**	**13**	**790**	**56,952**
As of Mar.31, 2016	15	82	1	5	2	13	830	58,637

(*)including coastal ships (excluding coastal RoRo ships)

5. Exchange Rates

	FY2015	FY2016	Change
Average rates	¥120.62	¥108.57	¥12.05 [10.0%] JPY Appreciated
Term-end rates	¥112.68	¥112.19	¥0.49 [0.4%] JPY Appreciated

Remark: "Average rates" are average of monthly corporate rates in each term, while "term-end rates" are TTM rates on the last day of each term.

<Overseas subsidiaries>

	TTM on Dec/31/2015	TTM on Dec/31/2017	Change
Term-end rates	¥120.61	¥116.49	¥4.12 [3.4%] JPY Appreciated

6. Average Bunker Prices

	FY2015	FY2016	Increase / Decrease
Purchase Prices	US$265/MT	US$284/MT	US$＋19/MT

7. Market Information

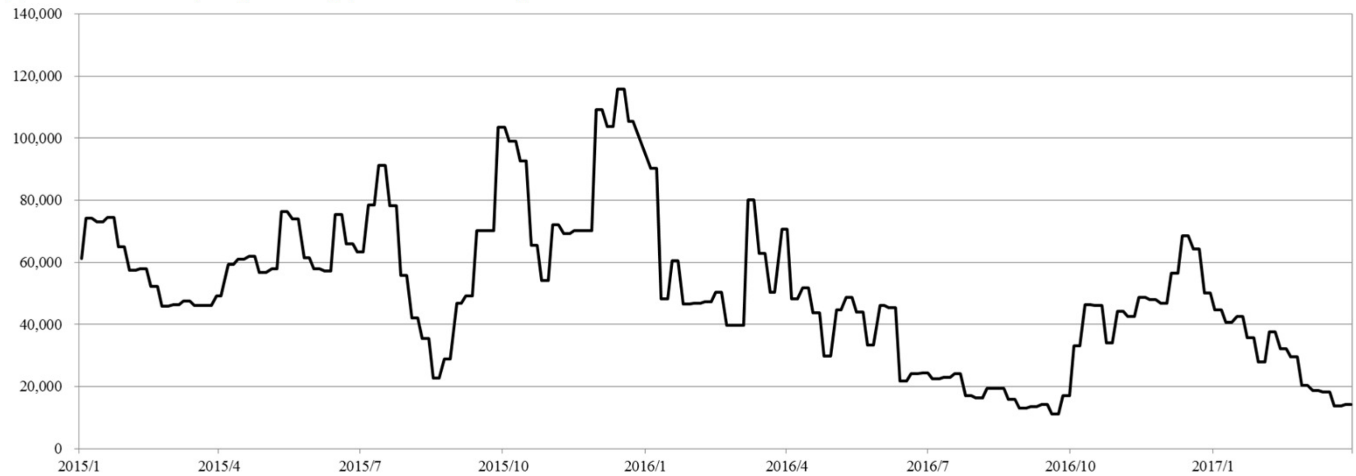
(1) Dry Bulker Market (Baltic Dry Index) (January 1985 = 1,000)

Source : Bloomberg

Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2015	725	539	576	591	597	699	975	1,066	889	793	582	519	713
2016	386	307	383	607	620	608	707	673	828	868	1,072	1,050	676
2017	907	759	1,141										936

(2) Tanker Market (Daily Earnings) : VLCC AG/Japan trade

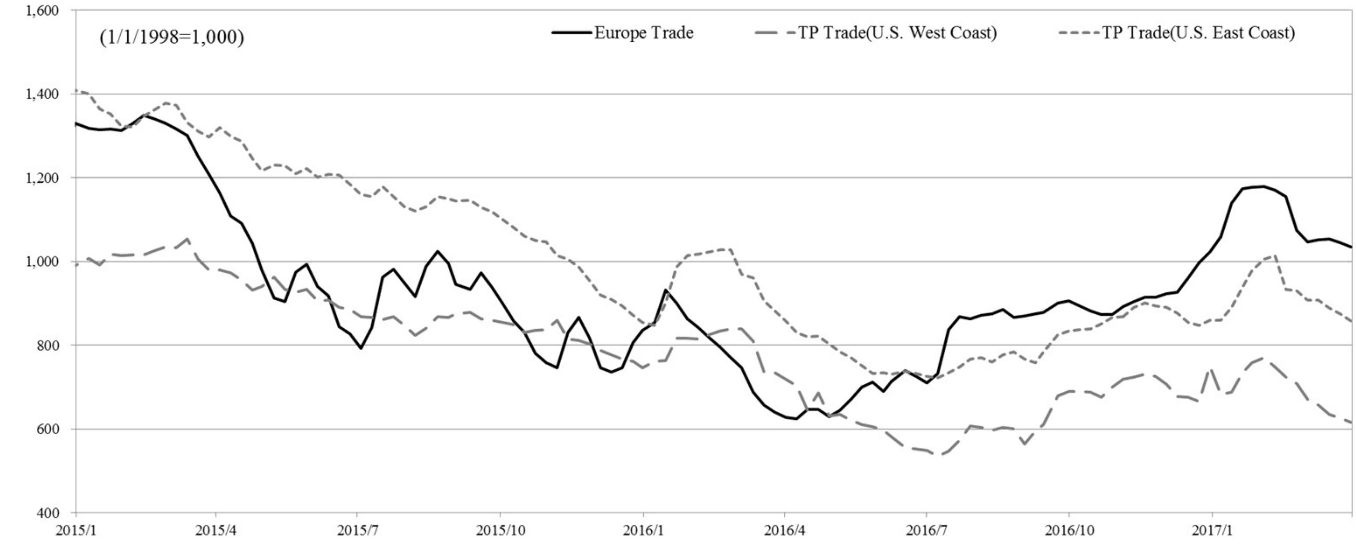
Source : Clarksons Research



Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2015	69,562	53,327	46,591	57,805	65,266	64,160	73,441	32,295	59,114	82,940	70,419	108,529	65,287
2016	69,483	46,099	58,287	48,850	42,633	34,337	22,167	17,719	13,777	39,902	45,857	57,280	41,366
2017	40,905	31,822	17,051										29,926

(3) Containership Market (China Containerized Freight Index)

Source : Shanghai Shipping Exchange



Note: CCFI reflects the freight rate trend for container exports from China only, which does not always match the overall trend for container exports from Asia.